

Fund Source Report

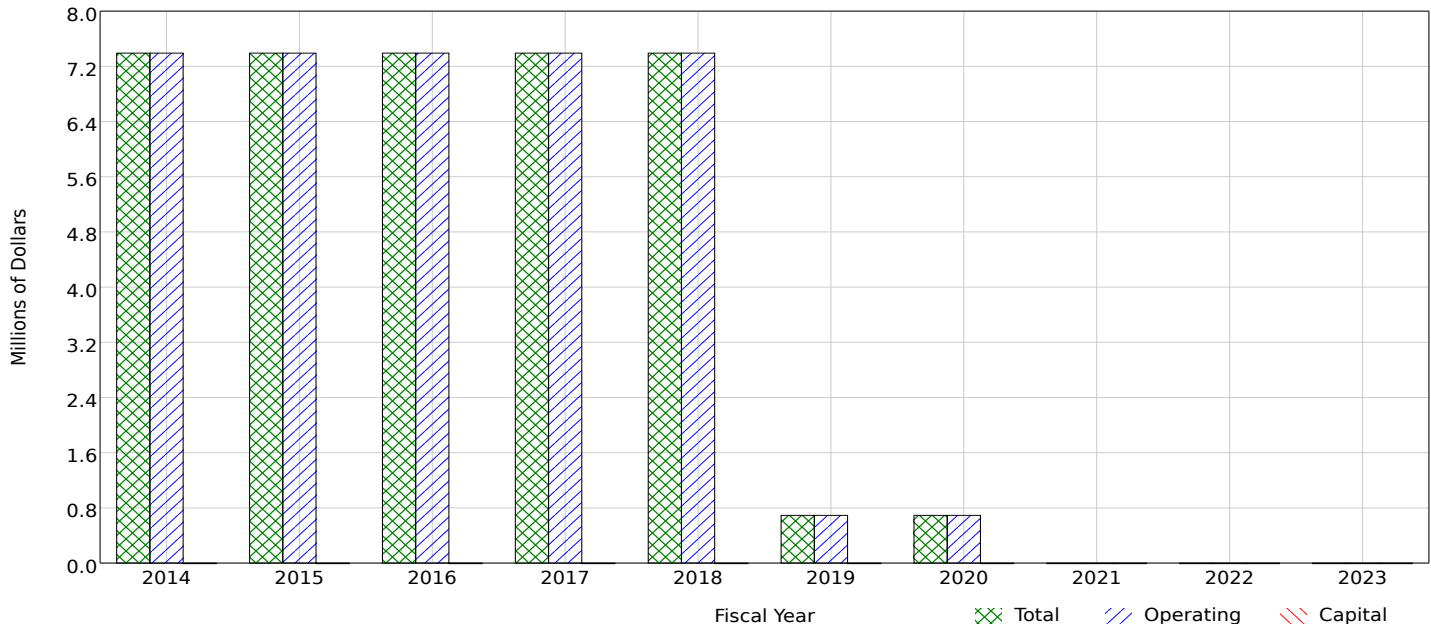
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Federal Unrestricted Receipts

Year Authorized 2004 Year Repealed Active? Yes Mental Health? No Duplicated? No Fund Group Federal Receipts

Operating and Capital Appropriations



Legal Authority

Legislative Finance Division tracking code

Source of Revenue

Federal Receipts

Restrictions on Use

None

Description and History

Occasionally, the State receives federal money that has no restrictions as to purpose. The Jobs and Growth Tax Reconciliation Act of 2003 provided for \$5 billion to be paid by the US Treasury to states in each of FFYs 2003 and 2004 to provide temporary state fiscal relief. Alaska's share of the payment was a total of \$50 million.

This code was created to track where and how federal unrestricted receipts are appropriated and to ensure that money is used as the legislature intends. Without a specific code for unrestricted receipts, it would be possible for the Administration to substitute them for hollow restricted federal receipt authority, effectively allowing the Governor to spend these funds without appropriation.

July 2010

Beginning with the FY11 budget cycle, this code is used to record appropriations of Medicaid School Based Claims. Under this program, the state receives federal money as compensation for processing Medicaid claims in K-12 schools. The money is not reimbursement for GF expenditures--as is normal in the Medicaid program--but comes to the state as unrestricted funds. The federal government strongly suggests that the receipts be used in schools.

Before FY11, HSS spent general funds (in anticipation Medicaid claims reimbursement) for administrative and other costs throughout the department as well as distributing general funds equal to about 40% of anticipated receipts to school districts. When the federal government denied the state's claims for reimbursement (for several years), the legislature was forced to ratify millions of dollars of general fund expenditures that were spent in anticipation of receiving federal reimbursement.

Program administration has been cleaned up (although further ratifications are likely), and the code now reflects the actual receipt of cash from the federal government. This change from anticipated receipts to a cash basis is intended to avoid use of general funds in anticipation of federal

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reimbursement, which will, in turn, avoid expenditures of general funds based on anticipated federal receipts that fail to materialize.

December 2019

Use of this fund source has significantly declined in recent years, primarily due to a nation-wide reduction in available unrestricted federal funds. Most recently, in FY19, the Department of Health and Social Services removed all but a small portion of this authority -- \$700.0 -- to support renovations at the Alaska Psychiatric Institute.